

**LODI CITY COUNCIL  
SPECIAL CITY COUNCIL MEETING  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, JANUARY 18, 2005**

A. CALL TO ORDER / ROLL CALL

The Special City Council meeting of January 18, 2005, was called to order by Mayor Beckman at 7:04 a.m.

Present: Council Members – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman

Absent: Council Members – None

Also Present: Interim City Manager Keeter, City Attorney Schwabauer, and City Clerk Blackston

B. REGULAR CALENDAR

B-1 "Fiscal year 2005-06 budget strategy discussion"

Finance Director Krueger distributed and reviewed spreadsheets (filed and marked as Exhibits A and B), which showed baseline, target, and proposed reduction percentages for each department. He explained that the baseline numbers are projections through 2005-06 and include all increases for the Public Employees Retirement System, salary adjustments, and cost of living. He stated that either revenues must be increased or the baseline budgets decreased. He noted that the proposed percentages assigned to each department for reductions are priority based. He reported that there are more services being provided than there are resources to pay for them and, in the past, transfers from reserves were made to balance the budget. In 2004-05, the budget was balanced by transferring property tax revenue. Mr. Krueger noted that under normal circumstances this revenue would have gone toward paying the debt service on the new police facility. He recommended that Community Development, Public Works, Parks & Recreation and the Community Center be moved out of the General Fund and into Special Revenue Funds. He reported that 40% of the operations of Community Development are funded through general revenues. He explained that Internal Service funds are comprised of the Finance Department, Human Resources, Information Systems Division, and "non-departmental," which relates to citywide utilities and expenditures. He recommended that Internal Service funds be moved out of the General Fund as well. In addition, he recommended that certain services be allocated out to other departments through a cost allocation process. In reference to Community Development, Mr. Krueger stated that the fees charged should be used toward services provided. The code enforcement activity needs to be related to general revenue rather than specific fees charged for services such as plan review, etc.

Community Development Director Bartlam stated that impact fees cannot go toward operational uses. He posed the question to Council of whether services should be fully funded by fees. He reported that there is a growing trend for community development departments to go toward special revenue and expenditure funds. He stated that it is illegal to charge the development community for services that are for the benefit of the general public.

Referring to the spreadsheet (marked Exhibit B), Mr. Krueger explained that column three represents direct revenue, column four is revenue generated primarily from utility funds and transferred into the General Fund, and the fifth column represents general revenue used in order to provide funding for what is left over after accounting for direct revenues and transfers from other funds. He recommended that the accounts for public safety, City Council, City Manager, City Attorney, and City Clerk become the total for the General Fund. Mr. Krueger also recommended that property tax, all "in-lieu of" payments, and motor vehicle "in-lieu of" payments from the State, be designated in the General Fund to be used for public safety. He proposed that sales tax, which is susceptible to economic activity, be used to fund the accounts for the City Council, City Manager, City Attorney, and City Clerk. Mr. Krueger explained that the objectives of his budget recommendations were to clarify the City's financial position by more appropriately allocating costs and to give departments more of an entrepreneurial approach.

In answer to Council Member Hansen, Mr. Krueger reported that a request would be forthcoming to hire one additional staff member for the Community Development Department for the purpose of developing the General Plan update in collaboration with a consultant. He noted that a portion of impact fees were set aside to go toward the General Plan update process.

NOTE: Mayor Pro Tempore Hitchcock and Council Member Johnson left at 7:48 a.m.

Mayor Beckman voiced support for Mr. Krueger's recommendation of moving certain departments out of the General Fund and into Special Revenue Funds.

MOTION / VOTE:

There was no Council action taken on this matter.

C. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 7:53 a.m.

ATTEST:

Susan J. Blackston  
City Clerk